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For more information, contact:

Bob Anderson – 444-6169

Bob Rowe – 444-6167

PSC TO HOLD HEARINGS TO RECEIVE PUBLIC COMMENT ON US WEST PHONE RATE PROPOSAL

US West Communications' proposal to increase residential telephone rates and decrease business rates will be the topic of Public Service Commission public hearings next week in three Montana locations. The hearings are scheduled as follows:

- **Helena - Tuesday, May 26, at 7 p.m. at the Public Service Commission, 1701 Prospect Avenue.**
- **Missoula – Wednesday, May 27, 7 p.m., at the Doubletree Inn, 100 Madison St.**
- **Great Falls – Thursday, May 28, 7 p.m., Civic Center.**

US West and the Montana Consumer Counsel, which represents residential and small business customers in cases before the PSC, have submitted a proposal that would settle most of the issues in the case. Under the terms of the agreement:

- Flat-rated residential phone service would increase \$1.35 per month on July 1, 1998, and an additional \$1.60 per month on July 1, 1999, for a total increase of \$2.95 per month.
- Measured residential phone service would increase 68 cents per month July 1, 1998, and an additional 80 cents per month on July 1, 1999, for a total increase of \$1.48 per month.
- The two existing rate groups for business customers would be combined into a single rate group. Rates for many business customers would decrease \$2.88 per month, effective July 1, 1998.
- Low-income customers participating in the Montana Telephone Assistance Program would not have a rate increase.
- Access charges that long-distance companies pay to use US West's network would decrease by \$1,025,503, effective July 1, 1999.
- US West's long-distance rates would be restructured, generally reducing prices for calls of longer distances while increasing the price of short-haul calls. This would result in a \$6,380,497 decrease in the company's revenue to be accomplished in two increments -- one in July 1998 and the other in July 1999.

When it filed this case in December, 1996, US West proposed to "rebalance" its rates in what it said was an effort to better align its prices with its costs of providing service. Both the company's original filing and the proposed stipulation are supposedly revenue neutral -- they would not change the company's Montana revenue because increases in some rates would be offset by reductions in others.

The issue of rate design for payphone providers is not part of the stipulation and remains contested.

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